DOCUMENT RESUME

ED 310 791 IR 052 868

TITLE	Procurement: Government Printing Office Supply of Microfiche to Libraries Disrupted. Report to the Chairman and Vice Chairman of the Joint Committee on Printing, U.S. Congress.
INSTITUTION	General Accounting Office, Washington, DC. General Government Div.
REPORT NO	GAO/GGD-89-44
PUB DATE	Feb 89
NOTE	23p.
AVAILABLE FROM	U.S. General Accounting Office, P.O. Box 6015, Gaithersburg, MD 20877 (first 5 copies are free; additional copies are $2.00 each).
PUB TYPE	Reports - Evaluative/Feasibility (142)
EDRS PRICE	MF01/PC01 Plus Postage.
DESCRIPTORS	Access to Information; Contracts; *Depository Libraries; Federal Government; *Government Publications; *Information Dissemination; *Microfiche
IDENTIFIERS	Government Contractors

ABSTRACT

In this report, the General Accounting Office (GAO) responds to a July 8, 1988, inquiry by the Chairman and Vice Chairman of the Joint Committee on Printing about the Government Printing Office's (GPO) efforts to acquire and supply microfiche copies of government documents to approximately 1,400 depository libraries. In August 1987, GPO had terminated its sole microfiche contract with Automated Datron Inc. (ADI) because of ADI's poor performance. At that time, the flow of microfiche versions of government documents to libraries virtually ceased. Since then, a microfiche shortage has existed, which the GAO expects will continue for some time. The report consists of a short letter summarizing the results of the GAO's analysis, two appendixes, and three tables. Appendix I: (1) supplies background information about the establishment and maintenance of depository libraries and a synopsis of microfiche contracts; (2) identifies reasons for delays in microfiche distribution; (3) explains why the ADI contract was terminated; (4) details actions taken by the GPO to alleviate the microfiche shortage; (5) describes GPO contracting procedures; (6) describes how GPO generally complied with its contracting procedures; (7) explains why the GPO allowed ADI to compete for replacement contracts; (8) discusses the replacement contracts for which ADI competed; (9) analyzes the reasons for further delays in replacement contracts; (10) reports the number and status of microfiche awaiting GPO testing; and (11) assesses actions taken by the GPO to correct the microfiche shortage. Appendix II lists major contributors to the report. (CD)

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United States General Accounting Office

GAO

Report to the Chairman and Vice Chairman of the Joint Committee on Printing, U.S. Congress

February 1989

ED310791

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PROCUREMENT

Government Printing Office Supply of Microfiche to Libraries Disrupted

IR052868

GAO/GGD-89-41

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United States
General Accounting Office
Washington, D.C. 20548

General Government Division

B-231333

February 27, 1989

The Honorable Frank Annunzio
Chairman, Joint Committee
on Printing
Congress of the United
States

The Honorable Wendell H. Ford
Vice Chairman, Joint Committee
On Printing
Congress of the United
States

This report responds to your July 8, 1988, request concerning the Government Printing Office's (GPO) efforts to acquire and supply microfiche copies of government documents, including congressional hearings, federal regulations, and other reports, to about 1,400 libraries. In August 1987, GPO terminated its microfiche contract with Automated Datatron Inc. (ADI) because of that firm's poor performance. When ADI's contract was terminated, the flow of microfiche versions of government documents to the libraries virtually ceased.

As agreed with the Committee, we reviewed GPO's contracting for microfiche services, including its relationship with the defaulted contractor and the results of its efforts to obtain alternative sources of supply. This letter summarizes the results of our review and is supplemented by appendix I, which contains further details.

Results in Brief

The shortage of microfiche that GPO distributes to libraries has resulted from ADI's default for poor performance; ADI's subsequent protests of GPO actions, which caused delays; the time required to make preaward tests for replacement contractors; and the time taken by GPO to ensure that delivered microfiche meet contract standards.

GPO is permitted to contract under its own rules and regulations, which are similar to those of other federal agencies. We found that GPO's contracting for microfiche generally complied with procurement policies and requirements contained in its own Printing Procurement Regulation.

Although GPO terminated ADI's contract for default in August 1987 because of poor performance, the firm was not required to be nor was it

suspended or debarred from competing for later GPO contracts. Consequently, ADI bid on three of nine replacement contracts that GPO awarded between January and August 1988. In January 1988, GPO awarded ADI a replacement contract that was also defaulted due to poor performance. ADI also protested two other awards it lost because of decisions made by the contracting officer.

GPO officials believe that progress has been made in resuming normal microfiche distribution to libraries. As of November 1988, three new contractors were making deliveries to GPO on replacement contracts and GPO had started sending microfiche to the libraries.

Despite the progress GPO has made in contracting for replacement microfiche, we believe that the microfiche shortage is likely to continue—at least over the short-term. First, all the new contractors have been denied at least one additional replacement contract because (1) microfiche produced during preaward testing did not meet GPO standards or (2) the contracting officer rejected the firm because it had a record of late deliveries. Second, the new contractors have received formal warnings from GPO about the quality of microfiche that they have produced under replacement contracts they have won. Third, much of the microfiche the contractors have produced is backlogged awaiting quality testing by GPO. Finally, there is a large backlog of documents GPO needs to send to contractors for conversion to microfiche.

Objectives, Scope, and Methodology

Our objectives were to (1) determine the reasons for delays in distribution of microfiche to libraries, (2) determine whether GPO followed its own procurement regulations, (3) determine whether GPO procedures allow a defaulted contractor to compete for subsequent contracts, and (4) assess GPO's actions to correct the microfiche shortage problem.

To determine the reasons for delays in the distribution of microfiche, we reviewed GPO contract files covering the original contract award and the replacement contracts awarded as of November 15, 1988. We obtained and analyzed key documents relating to the default of ADI, the primary source of microfiche services. We interviewed the contracting officer and other responsible GPO officials to better understand the effect of ADI's actions on GPO's efforts to award replacement contracts. We also obtained and studied the bid protest decisions resulting from ADI's protests.

To determine whether GPO followed its own procurement regulations, we compared GPO's contracting actions, which were documented in the replacement contract files, to the requirements contained in its Printing Procurement Regulation. We also compared GPO contracting procedures with those in the Federal Acquisition Regulation to find out whether GPO's contracting regulation and default procedures are consistent with those required for other federal agencies.

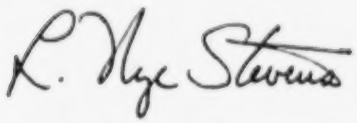
To determine whether a defaulted contractor can be eligible to compete for subsequent contracts, we reviewed the requirements in the Printing Procurement Regulation and interviewed GPO officials, including the contracting officer.

To assess GPO's actions to correct the microfiche shortage, we examined the contract files for the replacement contracts and determined the status of deliveries made by reviewing the records of daily deliveries and shipments. The number of orders GPO had sent to the replacement contractors and the number of orders contractors delivered to GPO was obtained from the daily delivery logs. After obtaining the number of orders delivered to libraries from GPO's shipping records, we then calculated the number of orders on hand by subtracting the shipments from the quantity of orders the contractors had delivered to GPO. In making our assessment of these deliveries, we did not review GPO's internal controls over microfiche quality.

We did our work from August 1988 through December 1988 in accordance with generally accepted government auditing standards.

GPO officials agreed that the information we developed was accurate and their views have been incorporated into the report where appropriate. However, in accordance with your request, we did not obtain written comments on a draft of this report. As arranged with the Committee, copies of this report are being sent to the Public Printer and other

interested parties. The major contributors to this report are listed in appendix II.



L. Nye Stevens
Director, Government Business
Operations Issues

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Abbreviations

ADI	Automated Datatron Inc.
CBD	Commerce Business Daily
CRB	Contract Review Board
GPO	Government Printing Office
IFB	Invitation for Bid
PPR	Printing Procurement Regulation

GPO's Program to Provide Microfiche Copies of Government Documents to Depository Libraries

Background

The Federal Depository Library Act of 1962, as amended, governs GPO's Depository Library Program. Under this program, GPO systematically distributes, without charge, government documents to participating libraries throughout the country. The depository libraries are located in each state and congressional district and include some 1,400 public, university, law school, and federal agency libraries.

The operating cost of the depository program in fiscal year 1988 was $20.9 million. GPO's Office of the Superintendent of Documents manages the program and the Joint Committee on Printing oversees its policies and overall direction.

For many years, paper copies of government publications were supplied to depository libraries. In 1977, GPO began to convert selected materials to microfiche. By using microfiche, GPO was able to reduce bulky printed documents to just a few 3" by 5" cards, which minimizes shipping costs and facilitates storage. Today, about 60 percent of the materials sent to participating libraries are in microfiche format. GPO has awarded contracts to convert an average of about 27,000 government publications yearly to microfiche. These conversions create about 12 million fiche.

Historically, GPO competitively awarded the microfiche conversion contract every 2 years and one contractor, Automated Datatron Inc. (ADI), won most of the contracts. However, in August 1987, GPO terminated ADI's contract for a variety of reasons, mostly related to poor product quality. As a result, the distribution of microfiche material to depository libraries was nearly halted. In an attempt to obtain additional contractors, GPO's microfiche requirements for the Depository Library Program were divided into nine separate replacement contracts. As shown in table 1.1, three new contractors have received the replacement contracts that were awarded during 1988.

Table 1.1: Contracts for Microfiche Services

Contractor	Program number	Date of award	Amount
Bechtel Information Services	B-613-S	June 23, 1988	$75,759
	B-354-S	June 14, 1988	1,085,616
Microform Inc.	B-513-S	May 23, 1988	29,317
	B-456-S	May 9, 1988	2,387,392
	B-551-S	July 11, 1988	3,908,829
Independent Professionals Inc.	B-532-S	August 9, 1988	572,572
	B-562-S	August 10, 1988	449,708
	B-568-S	August 16, 1988	76,619
Total[a]			**$8,585,812**

[a]A total of nine replacement contracts were awarded—the eight shown above plus a contract award to ADI under B-613-S that was terminated for default. (See p. 14.)

Source: GAO review of contract files.

Reasons for Delays in Microfiche Distribution

We identified several reasons why microfiche distribution to depository libraries was disrupted. These included (1) ADI's default, (2) the delays resulting from ADI protesting the default of its exclusive contract and two other replacement contracts GPO was attempting to award, (3) the time needed for GPO to make contractor responsibility determinations in four of the replacement contracts, and (4) time taken by GPO to inspect the microfiche that have been delivered and the resulting backlog of fiche awaiting inspection.

Why the ADI Contract Was Terminated for Default

GPO's own procurement regulations permit contracting officers to terminate a contract in whole or in part for default if the contractor

- fails to make delivery of the supplies or perform the services within the time specified in the contract,
- fails to perform any other provisions of the contract, or
- fails to make progress so as to endanger performance of the contract.

These regulations also indicate that under a termination for default, GPO is not liable for the contractor's costs on undelivered work and is entitled to the repayment of any advance payments applicable to such work. In this regard, GPO's procedures for defaulting contractors are consistent with those contained in the Federal Acquisition Regulation, which governs contracts awarded by most other federal agencies.

GPO's default regulations require that when a contractor fails to perform or to make progress so as to endanger performance of a contract, the contracting officer must formally notify the contractor of such failure, by means of a preliminary cure notice, before a notice of termination can be issued.

Cure notices tell the contractor that unless progress is made in solving the problem within 10 days or other specified time period, a notice of termination for default may be issued. The notice, among other things, also calls attention to contractual liability in the event of termination and may invite the contractor to meet and discuss the matter. Several factors are to be considered by the contracting officer when determining whether to terminate a contract for default. Examples include (1) the availability of the supplies or services from other sources, (2) the urgency of the need for the supplies or services and the period of time required to obtain alternative sources as compared with the time in which delivery could be obtained from a delinquent contractor, and (3) the effect of a termination for default on the contractor's capability as a supplier under other contracts.

All proposed terminations for default are required to be approved by GPO's Contract Review Board (CRB). The CRB also reviews selected procurement actions to ensure they are in the best interests of GPO. The CRB is composed of at least three disinterested individuals representing the highest level of competence and experience available within GPO's purchasing activity.

Between December 1985 and August 1987, the contracting officer sent 21 cure notices to ADI on its contract that GPO terminated for default because of poor performance. The cure notices reported, among other things, that the length of fiche were not within specifications, fiche contained extraneous marks or incorrect margins, the image was skewed, and some fiche were missing. GPO records show that ADI was unable to keep pace with the number of corrections required to replace the defective microfiche and also fell behind in its ongoing work under the contract. The notices described ADI's failure to meet delivery schedules and failure to perform according to specifications stated in the quality standards of the contract. The notices routinely warned that if ADI did not take action to cure these problems, GPO might terminate the contract for default.

GPO's attempts to work with the contractor to solve the problems failed. As a result, in August 1987 the contracting officer, with the concurrence

of the CRB, terminated ADI's contract for default because ADI did not meet specified quality standards and delivery schedules. As part of the default, GPO withheld payment of about $356,000 for vouchers submitted by ADI.

At the time of the default, GPO estimated that approximately 1,800 print orders (covering 4,000 to 5,000 government publications) that ADI converted to microfiche did not meet contract requirements. ADI refused to redo these print orders, which had already been delivered to GPO. ADI refused because it disagreed with the quality control methodology used by GPO during quality testing to determine compliance with the contract specifications. ADI's protest contended that GPO's rejections, primarily for fiche being too long, were unreasonable because the rejected fiche were within the same tolerance that GPO had been accepting from ADI since 1982. GPO officials countered that the rejected fiche were properly and justifiably rejected according to the contract's quality standards.

According to GPO officials, when a contract has been terminated for default, the rejected work would normally be replaced by making a purchase from another contractor and deliveries could continue with minimal disruption. However, in October 1987, ADI protested the default determination to the GPO Board of Contract Appeals, and a contract to replace the rejected work was not awarded while GPO attempted to resolve the protest. Since the protest was not resolved, GPO awarded a replacement contract in July 1988. As of January 19, 1989, no decision had been reached by the Board of Contract Appeals in this matter, and we were unable to obtain an estimate of when a decision is expected.

In general, GPO procurement regulations permit the Public Printer to suspend and debar firms from further government contracts for, among other things, unsatisfactory contract performance. However, GPO officials decided that suspension or debarment, which would have prevented ADI from competing for replacement contracts, was not warranted in this case. They said that suspension and debarment are generally reserved for criminal cases, such as fraud or false billing claims.

GPO Actions Taken to Alleviate the Microfiche Shortage

When the microfiche conversion is done under a single contract and the contractor fails to perform properly, the entire program is in jeopardy because GPO has no alternative supplier. To expand the base of microfiche contractors, GPO changed to a contracting strategy that will distribute the microfiche conversion requirements among nine different

contracts categorized by publication titles. Eight of the nine contracts have been awarded to three firms other than ADI. One additional contract had not been awarded because GPO was waiting for a decision by the Joint Committee on Printing on whether to provide the Congressional Record to depository libraries in electronic format on a test basis.

While awarding the multiple contracts increases GPO's procurement and contract administration workload, GPO officials say it will improve the depository library microfiche program because it gives GPO other contractors to turn to if one experiences problems. GPO believed that more than one contractor would win contracts, and in fact three firms in addition to ADI have received replacement contracts. Therefore, GPO officials believe that they have more flexibility to obtain microfiche for depository libraries than they previously had.

GPO's Contracting Procedures

Federal law and the regulations of the Joint Committee on Printing permit GPO to contract under its own rules and regulations. GPO's Printing Procurement Regulation (PPR) contains the policies and procedures for the procurement of printing, binding, and related services. GPO's contracting procedures are similar to those used by other agencies. PPR prescribes the following guidance for purchasing these services:

- Formal advertising is the preferred method of procurement.
- Generally, the Commerce Business Daily (CBD) should be used to contact potential contractors.
- For each procurement, the contracting officer is required to make an affirmative determination that a prospective contractor is responsible by applying a number of standards. The standards include adequate financial resources, ability to comply with proposed delivery schedules, a satisfactory record of past performance, either having or being able to obtain needed equipment and technical skills, adequate production controls, and otherwise being qualified and eligible to receive an award under applicable laws and regulations. Preaward surveys are made when needed to assist the contracting officer in making this decision.
- GPO is also required to determine that the contractor was responsive by determining that the contractor complied with all essential elements in the invitation for bid. Essential elements include conforming to specifications and delivery dates and complying with amendments that contain material changes to the invitation for bid.
- Where required by solicitation, preaward tests of production samples are made by the Quality Assurance Branch.

- GPO's CRB is required to review selected procurement actions and concur with proposed contract awards and default decisions to ensure that they are in the best interests of GPO.

GPO Generally Complied With Its Contracting Procedures

With the exception of not using the CBD to contact potential bidders, we found that the microfiche contracts have been awarded in compliance with the requirements contained in GPO's procurement regulations. Our review of data in the contract files and discussions with the contracting officer showed that

- all the contracts were competed and two or more bids were received for each award,
- the contracting officer made an affirmative determination of contractor responsibility for each award,
- the contracting officer also determined for each award that the successful contractor's bid complied with all essential requirements in the invitation for bid,
- the contracting officer's decision was supported by a written preaward survey and preaward test results when needed, and
- the CRB concurred with the proposed award on each of the contracts and also approved the contracting officer's recommendations to terminate ADI for default on its two microfiche contracts.

The contracting officer said that he used a bidders list (a file of contractors who are eligible to bid on GPO printing contracts) to solicit potential contractors for the replacement awards and did not use the CBD. He explained that it has been his experience that this practice produces more responses than using CBD notices. While using a bidders list is a normal practice, the proposed replacement awards were required to also be published in the CBD.

Why GPO Allowed ADI to Compete for Replacement Contracts

Although GPO terminated ADI's contract for default in August 1987, GPO did not suspend or debar the firm from competing for additional contracts. GPO officials explained that some of ADI's problems were caused by the large amount of work the firm had and that there was no basis to conclude that it could not properly handle smaller orders. Moreover, GPO officials said that suspension and debarment are generally reserved for criminal cases, such as fraud or false billing claims. Therefore, ADI was not prevented from bidding on the replacement contracts and competed for three of the nine awards.

In evaluating the bids on the first replacement contract, GPO determined that ADI was responsible and awarded it the initial replacement contract. In general, procurement regulations provide that such determinations are a matter of business judgment within the discretion of contracting officers. As such, past default considerations are proper matters to be considered along with other relevant facts when determining a contractor's responsibility. ADI was determined to be responsible because (1) the contract was only for a small part of the previous work, (2) the preaward survey concluded that the firm was capable by determining it had the facilities and resources necessary to produce the microfiche required by the contract, and (3) the firm passed preaward testing by producing samples of microfiche that met contract specifications.

ADI Competed for Three Replacement Contracts

By defaulting on the replacement contract it won and by protesting the two awards it lost, ADI contributed to delays in delivering usable microfiche to depository libraries. A discussion of ADI's involvement and the delays associated with the three replacement contracts that ADI competed for follows.

Contract B-613-S (Federal Regulations)

In January 1988, GPO awarded ADI a $174,000 contract for conversion of federal regulations to microfiche. Because of ADI's previous poor performance record, an extensive preaward survey and two preaward tests were done to evaluate ADI's capability to produce quality fiche. The preaward survey was favorable and GPO's contracting officer recommended that ADI receive this contract. The microfiche samples inspected by the Quality Assurance Branch in both preaward tests also showed that ADI was able to comply with GPO standards.

Shortly after the award of the contract, ADI's performance level began to deteriorate. In March 1988, the contracting officer sent a cure notice to ADI because an inspection of microfiche showed 32 quality rejections affecting 16 of 19 print orders examined. Examples of quality rejections included margins out of specification range and fiche that contained fingerprints, scratches, and dirt. Because ADI failed to correct these problems, GPO terminated the contract for default on April 1, 1988. The contract was subsequently readvertised in May and competitively awarded to Bechtel Information Services in June 1988.

ADI appealed the default decision to GPO's Board of Contract Appeals in July 1988. ADI believed that GPO had deliberately disqualified it rather than trying to resolve problems associated with rejected print orders.

The board dismissed the appeal in November 1988 because ADI had failed to appeal within 90 days of the contracting officer's default decision.

Contract B-456-S (Microfiche Duplication)

A second contract that ADI competed for was awarded to Microform Inc. ADI again was the low bidder for this contract to duplicate microfiche from government-furnished microfiche. However, the contracting officer determined that ADI's bid of $2.3 million was nonresponsive because ADI failed to acknowledge an amendment decreasing the number of microfiche ordered in the contract by 12 million units. ADI protested this decision to GPO in April 1988. As grounds for its protest, ADI alleged that it never received the amendment and said that even if the firm had received the amendment it would not have affected its bid. GPO's contracting officer rejected the protest, citing Western Union records showing that the amendment was mailgrammed and received by ADI. Furthermore, the contracting officer said that because of the significant reduction in the contract unit amount, the amendment clearly was a material one. He further contended that the amendment could have had an effect on a bidder's price, and therefore required acknowledgment from all bidders.

ADI disagreed with the contracting officers decision and protested it to us in May 1988. On August 11, 1988, we sustained the protest (Comptroller General Decision B-231411) because there was no evidence that the amendment that reduced the quantity of microfiche had a material impact on ADI's bid price. Therefore, we recommended that GPO terminate the contract with Microform Inc. and that the contract be awarded to ADI.

GPO then asked us to reconsider our decision because GPO believed that we misinterpreted the terms of the solicitation and consequently reached erroneous legal conclusions. Our December 13, 1988, decision (Comptroller General Decision B-231411.2; B-231411.3) reaffirmed ADI's protest. However, because of GPO errors in the original solicitation, we agreed with GPO that the requirement should be readvertised. We determined that ADI is entitled to be paid its bid preparation costs and its costs of filing and pursuing the protest in lieu of being awarded the contract.

Although GPO awarded this contract in the amount of about $2.4 million to the second lowest bidder (Microform Inc.) in May 1988, because of the actions previously mentioned, the contract was suspended in May 1988

and then terminated in December 1988 without any deliveries of microfiche.

Contract B-551-S (Reprocurement of Backlogged Orders)

A third contract, for reprocurement of microfiche print orders in the amount of $3.9 million, was awarded to Microform Inc. in July 1988. At $2.1 million, ADI was again the low bidder. However, the contracting officer declared ADI nonresponsible because the firm had been terminated for default on the federal regulations contract in April 1988. ADI protested the nonresponsible decision to us in July 1988. In August 1988, due to the importance of the microfiche program and the urgency of need, GPO directed Microform Inc. to proceed with this contract and deliveries started. On November 16, 1988, we upheld the contracting officer's decision to reject ADI's bid and denied the protest because, among other things, ADI had not shown that GPO's decision lacked a reasonable basis or that GPO acted in bad faith (Comptroller General Decision B-232048).

Replacement Contracts Delayed Because Low Bidders Regularly Failed Preaward Tests

Four of the nine replacement contract awards were delayed because the contracting officer had to make preaward surveys and preaward tests not only on the lowest bidder but sometimes on the second- and third-lowest bidder before a responsible contractor could be found. Details of these four contract awards follow.

In April 1988, GPO received and rejected three bids for contract B-532-S (Microfiche of Committee Prints and Hearings). The contracting officer rejected the low bidder (Remac Information Corporation) because a contractor's error resulted in bid prices being too low. The contracting officer declared the second bidder (Independent Professionals Inc.) nonresponsible because of its record of late deliveries. The third bidder's price of $674,000 (Bechtel Information Services) was considered excessive. As a result, GPO cancelled the original invitation for bid (IFB) and issued a second IFB in June 1988. The contracting officer declared the low bidder (Microform Inc. with a bid of $499,821) nonresponsible because it failed to pass a preaward test. A $572,572 contract was awarded to the second lowest bidder, Independent Professionals Inc., in August 1988. Although Independent Professionals Inc. was declared nonresponsible on the initial IFB, they passed testing and were declared responsible on the second IFB. According to the contracting officer, Independent Professionals Inc. had satisfactorily improved their performance between the initial and second bid offering.

Contract B-354-S (Microfiche of Miscellaneous Publications) in the amount of $1,085,617 was awarded to Bechtel Information Services in June 1988. Bechtel failed the initial preaward test because its test samples showed, among other things, missing information and fiche that contained wrong information. Because Bechtel's bid was only about half of the second-lowest bid, the contracting officer, using his discretion, tested Bechtel a second time. This test showed that Bechtel was able to produce microfiche that meet GPO standards and the contracting officer found the firm to be a responsible bidder.

Contract B-562-S (Microfiche of Committee Reports and Documents) in the amount of $449,708 was awarded to Independent Professionals Inc. in August 1988. Of the five bids received in June 1988, the contracting officer found the two lowest (Bechtel and Microform) nonresponsible because they failed to pass preaward testing.

Contract B-568-S (Microfiche of SEC Dockets) in the amount of $76,619 was awarded to Independent Professionals Inc. in August 1988. Of the three bids received in June 1988, the two lowest (Modern Microfilm Methods Inc. and Comco Systems Inc.) were declared nonresponsible because they failed to pass preaward testing.

Backlog of Microfiche Awaiting GPO Testing

GPO's quality assurance procedures for inspecting and testing microfiche compliance with contract specifications have also delayed the delivery of microfiche to depository libraries. As of November 15, 1988, microfiche contractors had delivered 1,574 print orders to GPO. However, due to delays in GPO's sampling and inspection operations, 872 of the 1,574 delivered print orders were on hold at GPO waiting to be inspected and delivered to depository libraries. The remaining 702 print orders passed inspection and were delivered to depository libraries. Table 1.2 provides the status of deliveries of microfiche on the replacement contracts as of November 15.

Table 1.2: Status of Microfiche Print Orders

Contractor	Program number	Number of print orders (as of November 15, 1988) Deliveries required by contract	Delivered to GPO	On hand at GPO[a]	Sent to libraries
Bechtel Information Services	B-613-S	244	244	47	197
	B-354-S	454	451	294	157
Microform Inc.	B-513-S	20	20	4	16
	B-551-S	427	416	259	157
Independent Professionals Inc.	B-532-S	225	138	88	50
	B-562-S	208	185	120	65
	B-568-S	126	120	60	60
Total		**1,704[b]**	**1,574**	**872**	**702**

[a]This backlog of microfiche has been at GPO for up to 2 months and includes all print orders awaiting inspection and shipment to depository libraries.

[b]This figure does not include 1,373 of the 1,800 print orders defaulted by ADI that will be done on contract B-551-S, nor the backlog of work that has accumulated because of the extended time GPO has not had a contract to purchase microfiche. GPO estimates that this backlog includes 13,000 publications awaiting initial conversion to microfiche and 12,000 reproducible microfiche awaiting duplication.

Source: GPO Library Programs Service

We asked GPO officials to explain the large backlog of microfiche (872 print orders) awaiting quality testing. While contractors are required to deliver orders to GPO in 5 to 8 days, such orders have remained at GPO for up to 2 months awaiting testing. GPO officials did not provide a precise reason for the delay. However, they said that the following factors have all contributed to the backlog:

- Testing procedures were revised to require additional testing of delivered microfiche as a result of ADI's default. The revised procedures require inspection of about 20 percent of the print orders, whereas the previous procedure only required about 10 percent.
- Personnel problems exist in GPO's micrographics section because of high employee turnover, vacant positions, disciplinary problems, and the low grade level of employees (generally GS-5).
- Poor communication exists between the Micrographics Receiving Section in GPO's Office of the Superintendent of Documents and the quality assurance inspectors who are assigned to the Procurement Office. GPO officials said that it is common for both groups, which are located in the same building, to wait several days for instructions or samples without contacting the other party. This practice has caused delays in completing the inspections.

GPO is aware of the testing backlog and on November 15, 1988, formed a task group that is scheduled to meet weekly on the microfiche backlog problem. The group includes representatives from both the Micrographics Receiving Section and the Procurement Office. During the November 15, 1988, meeting, the members discussed alternatives and agreed that the Micrographics Receiving Section will send 15 samples to Quality Assurance on a daily basis for inspection.

Assessment of GPO Actions to Correct the Shortage of Microfiche

GPO officials believe that progress has been made on resuming normal microfiche distribution to depository libraries. They pointed out that (1) eight contracts have replaced the single contract for microfiche services, (2) quality testing of microfiche has been strengthened, and (3) a task group has been created to address the backlog of microfiche awaiting testing. Moreover, they believe that the formal warnings—called cure notices—issued to contractors have resulted from GPO efforts to closely monitor contractor performance and contractor start up problems that have since been corrected.

However, we are not convinced the problem is resolved because of the following:

- The two largest contracts, representing over 70 percent of GPO's estimated microfiche expenditures, were awarded to the same contractor in May and July 1988. Therefore, GPO has continued to rely on one contractor for most of its microfiche work. Furthermore, both contracts were suspended shortly after award because of ADI's protests and one contract was terminated by GPO without any deliveries.
- Each of the three contractors that won replacement contracts was declared nonresponsible by the contracting officer on one or more of the other awards. This raises questions about their long-term ability to produce quality microfiche.
- More than half of the microfiche that had been delivered to GPO as of November 15, 1988, was backlogged awaiting quality testing and a task group was only starting to address this problem.
- The backlog of work that accumulated because GPO did not have a contract to do the work (estimated to include 13,000 publications and 12,000 reproducible microfiche) has not been assigned to replacement contractors.
- By November 15, 1988, the three active contractors had received a total of 50 cure notices, which shows that quality problems are continuing on the replacement contracts. Table I.3 shows the number of cure notices each contractor has received.

Despite the progress made by GPO in contracting for microfiche services, we believe that the above conditions indicate that the shortage of microfiche for distribution to depository libraries is likely to continue, at least for the short-term.

Table 1.3: Cure Notices Issued to Microfiche Contractors

Contractor	Program number	Number of cure notices issued[a]
Bechtel Information Services	B-613-S	9
	B-354-S	11
Microform Inc.	B-513-S	2
	B-456-S	0[b]
	B-551-S	7
Independent Professionals Inc.	B-532-S	6
	B-562-S	9
	B-568-S	6
Total		**50**

[a]Issued as of November 15, 1988.

[b]Contract was suspended on May 16, 1988, due to a protest submitted to us by ADI. We sustained the protest. GPO has since terminated this contract and is in the process of resoliciting bids.

Major Contributors to This Report

General Government Division, Washington, D.C.

L. Nye Stevens, Director, Government Business Operations Issues (202)275-8676
William Engel, Assistant Director
Raymond Bickert, Evaluator-In-Charge

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